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TAGS: [KTFN](#) [EFIN](#) [PTER](#) [PREL](#) [TU](#) [IZ](#)
SUBJECT: BLOCKING MONEY FLOWS TO THE PKK IN NORTHERN IRAQ:
EXPANDING OUR STRATEGY

REF: A. STATE 134271
[1](#)B. BAGHDAD 3934
[1](#)C. BAGHDAD 3808
[1](#)D. ANKARA 661
[1](#)E. 2006 ANKARA 4450
[1](#)F. 2006 ANKARA 4290

Classified By: Ambassador Ross Wilson for reasons 1.4(b) and (d)

[1](#)1. (S) Summary. As the United States works together with Turkey to implement the President's directive for effective action against PKK terror, we must also redouble our efforts to shut down the financial support that flows from Europe into PKK headquarters located in northern Iraq. While previous work, primarily in the form of demarches to European governments, has shown some limited progress, the overall credibility of this effort was badly undermined by the recent release in Vienna of PKK financier Riza Altun by Austrian authorities. To overcome these setbacks and register tangible progress in the near and medium term, the USG will need to work intensively on three simultaneous efforts:

-- First, we need to identify and interdict PKK money that is flowing into northern Iraq. This will require U.S., Iraqi, and European authorities to collaborate in a targeted effort that includes enhanced airport screening, more extensive customs procedures, and aggressive disruption of illicit cash transfers into northern Iraq and between northern Iraqi entities and PKK terrorists.

-- Second, we will push the Turks to work more effectively to identify and interdict financial flows. MASAK, Turkey's Financial Crimes Investigation Board, is the GOT's sole money laundering and terrorist financing investigative body. It needs to streamline its investigations and work more effectively with financial police, prosecutors, and judges to effectuate successful prosecutions.

-- Third, we should more sharply focus our work with the Europeans. Previous demarches sensitized the EU to PKK criminal activities. Now we need to narrow our focus by identifying and going after the two top targets of Riza Altun and Sakine Cansiz. Given their previous arrests, cases against them have been started. We can help by providing the most extensive dossiers possible and coordinating with law enforcement and intelligence counterparts in Europe to ensure these two terrorists are incarcerated. End Summary.

Background

[1](#)2. (S) The PKK raises upwards of USD 50-100 million annually through fundraising activities to sustain operations in Turkey and northern Iraq. Sensitive reporting shows the top four countries for fundraising are Germany, France,

Switzerland, and the United Kingdom. Other regions important to PKK/KGK fundraising include Austria, the Balkans, Belgium, and the Netherlands. Sensitive reporting has identified PKK fundraising leaders in Europe, but we have limited actionable intelligence on how the money flows to the PKK. Available reporting indicates the use of hawala networks (informal multi-country remittance system), cash couriers, narcotics, and gold to move money.

13. (S) Funding of PKK activities is done through a wide variety of methods. These include fundraising, cultural, social, and sporting event sponsorship, membership fees, and commercial business ventures. PKK financiers also traffic in narcotics, smuggle both people and goods, and charge extortion and protection fees. While the latter activities can be prosecuted as criminal offenses, the former activities can only be prosecuted under terror finance laws when clear ties to PKK activities can be proven.

Legwork is Already Underway

14. (S) Over the last year, S/CT has been active in driving political-level demarches to all European capitals on terrorist financing. S/CT Deputy Counterterrorism Coordinator Frank Urbancic has traveled widely in Europe to raise awareness and to bring together prosecutors, judges, financial police, financial intelligence unit personnel, and Justice and Interior Ministry officials to discuss ways to investigate and prosecute money laundering and terrorist finance cases related to the PKK. The Regional Legal Advisor has hosted workshops for relevant officials in Turkey and arranged meetings and seminars for European and Turkish

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counterparts to facilitate a task-force mentality to work together to fight the PKK. At the November U.S./EU Troika on Terrorist Financing, the new EU Terrorism Czar appeared committed to ensuring EU cooperation. Turkey has recently finalized a terrorism extradition with Switzerland (on hold pending an administrative hearing) and last week two PKK members were successfully extradited to Turkey from Germany. Pressure should be maintained on all EU member states to prosecute or extradite.

Three-Part Strategy

Working with Europe

15. (S) As we have learned from efforts to shut down al-Qaeda financing since September 11, joint law enforcement and intelligence sharing is essential. Numerous European countries have asked for our assistance in providing actionable intelligence, and S/CT continues to work on this issue. Continued networking with prosecutors and investigative judges is paramount. Investigative judges carry out the investigations and direct law enforcement in Europe.

16. (S) Our immediate goal is to deny the PKK use of the European financial and air transport systems to move money from Europe into northern Iraq for their operations. We can accomplish this via enhanced intelligence sharing, more careful airport screening and strict enforcement of cash declaration requirements. We also should press the Europeans to take action against the two most notorious PKK/KGK financiers in Europe, Riza Altun and Sakine Cansiz. Riza Altun is known to be a top PKK financier. He fled judicial arrest in France in July and Austrian authorities allowed him to fly to Iraq on July 13, but he recently has been seen traveling again in Europe. Sakine Cansiz is a PKK/KGK financier and weapons and tactical strategist. She was

arrested in Germany but released by a Hamburg court on April 27 after 40 days of detention and remains in Europe. Their re-arrest and prosecution would limit PKK/KGK activities and signal that Europe is not a free zone for PKK/KGK fundraising.

Working with Iraq

¶17. (S) Inside Iraq, as reported ref B, we face a cash economy that will make disrupting money flows inside Iraq difficult. The upcoming S/CT-led assessment team to Erbil should provide recommendations on the most effective ways to stop money flowing to the PKK once it reaches Iraq. The apparent lack of legal authority for the government to seize assets prior to conviction might be a major roadblock. Sensitive reporting indicates that the KRG has infiltrated the PKK in northern Iraq. If so, we should press the KRG to help identify illicit money flows so we can interdict them before they reach the PKK.

Working with Turkey

¶18. (S) The PKK also raises money in Turkey. The Turkish financial intelligence unit (MASAK) lacks the technical and analytical capability to identify or interdict terrorism finance activity. Post will continue its efforts to get Turkish law enforcement and intelligence agencies to share information and cooperate to make interdiction possible. We also need to ensure that if we get Europeans to clamp down on cash couriers and transfers, Turkey similarly needs to make undeclared bulk cash transfers illegal, seize bulk cash assets, and identify cash transfers through the banking system that are headed to the PKK.

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